



TransAlta Energy Marketing (U.S.) Inc.

222 SW Columbia Street, Suite 1105  
Portland, Oregon  
USA 97201

Main: (503) 295-8180

Fax: (503) 295-8188

[www.transalta.com](http://www.transalta.com)

April 1, 2011

Matt Rios

Transmission Account Executive, Transmission Sales

Bonneville Power Administration

Mail Stop: TSE/TPP-2

7500 NE 41st Street, Suite 130

Vancouver, WA 98662-7905

**Subject: TransAlta Comments on the Draft Environmental Redispatch Business Practice, Version 1**

Matt;

As the owner of Centralia and Big Hanaford Project generators, TransAlta is uniquely positioned to help BPA mitigate the effects of high water events. While TransAlta is willing and interested in being part of the solution, we do expect to be fairly treated and compensated for doing so. In response to BPA's draft Environmental Redispatch (ER) Business Practice (BP), and in the event that BPA chooses to implement ER, TransAlta's concerns that BPA's proposed policy does not meet these high standards are described below.

## **Section 1: Comments on Specific Text**

### **1. Definitions, Page 1**

TransAlta disagrees with BP's characterization that ER originates with BPA Transmission Service and finds the definition misleading. BPA Hydro Operations determines the time, volume, and duration of ER events. Power Services Load Desk and Real-Time Trading Desk make arrangements with thermal generators for reductions in output. Transmission Service's role in ER appears to be confined to issuing notices on OASIS and levying Failure-to-Comply penalties.

### **2. Minimum Generation for Thermal Generators, Page 2**

TransAlta supports BPA's inclusion of minimum generation provisions in the BP, because there are circumstances when a thermal generator cannot accommodate a complete shutdown during ER events. TransAlta also supports the ability to change minimum generation declarations, but the language describing how could be clarified, as with this suggested edit: "To change minimum generation requirements mid-month, notify 3-Shift in accordance with the WECC preschedule calendar and deadlines."

### **3. Contact by Phone, Page 3**

If TransAlta's understanding is correct, #2 under the section Allocation of Environmental Redispatch Quantity alludes to efforts BPA Power Services may make to seek commercial

[www.transalta.com](http://www.transalta.com)

solutions prior to enforcing ER. If correct, TransAlta endorses those efforts and offers two suggestions to help ensure their success. First, BPA Power Services Real-Time Desk should make the first call to generators. Second, as stipulated in other business practices, the ER BP should solicit from generators the correct phone number the Real-Time Desk should call, which will ensure, on the first try, the Desk reaches personnel responsible for making dispatch decisions for the generator.

#### 4. **Failure to Comply (FTC), Page 3**

TransAlta was stunned to see that BPA is proposing to hold the \$1,000/MWh FTC penalty over generators every minute of ER events that could last up to several weeks. (Draft ROD on ER at page 25.) TransAlta finds the application of FTC abusive to any unlucky generator that must be running, even minimally and for whatever reasons, in the midst of ER events. FTC is overkill for the circumstance, and if it plays any role, it should be applied to generators *only after* an appropriate period of persistent output above the redispatched level has been observed and gone uncorrected by the generator operator. Details about this proposed penalty application would have to be better defined in consultation with non-Federal generators, but the effort is necessary. Simply turning on FTC during ER events is grossly unreasonable.

## **Section 2: Unaddressed Operational Considerations**

TransAlta believes the draft BP's authors did not have time to properly address important operational details, and as a result, the draft BP is silent in places where non-Federal generators need guaranteed equitable treatment and protections. The following list highlights omissions that must be added to the BP through consultation with non-Federal generation operators.

### 1. **Ramp Rates**

The BP must include ramp rate provisions (similar to minimum generation requirements) so each generator can declare a redispatch volume per hour that can be safely accommodated without danger to personnel or equipment. As currently written, the draft BP exposes operators to infeasible next-hour redispatch requests and immediate exposure to penalties.

TransAlta finds the omission of ramp rate provisions in the draft BP discouraging. BPA Transmission Service already knows two things that were learned from their curtailment experiences and problems assessing FTC penalties in 2009 and 2010: 1.) Thermal generation has specific and finite ramp capabilities, and 2.) Operators protect the well-being of their personnel and machines, and they operate only within those ramp capabilities.

Ramp rate requirements would prevent generators from being redispatched in the next hour beyond their physical capabilities. They could be reported as part of the existing minimum generation declaration each month.



## 2. **Duration of Replacement Federal Hydropower and Adjustments**

The draft BP is silent about exactly how long schedules are kept whole with Federal hydropower. The BP must state explicitly that schedules are kept whole until the generator has returned to previously scheduled levels. #1 under the section Allocation of Environmental Redispatch Quantity should read, "...schedules from the generators will remain intact for the entire period from when ER is implemented through to when the generator has completed its ramp back to previously scheduled generation levels after ER is no longer required."

The BP must include similar provisions for the ramp back to previously scheduled generation levels anywhere adjustments are mentioned, as in adjustments to Generation Imbalance accounting.

## 3. **Limit to Redispatch Frequency**

The draft BP is silent on a limit to the frequency of redispatches. Generators have no protection from erratic requests for ER that would have their output reduced one hour, released the next hour, reduced again the following hour, and so on. Low- or no-cost power is inadequate compensation for wear and tear sustained in such circumstances.

TransAlta suggests the following language be added as a new paragraph #2 under the section Allocation of Environmental Redispatch Quantity: "BPA will not request a generator redispatch for ER more than once per day."

## 4. **Audit Record**

ER events seem to be initiated and ended via phone calls, which is inadequate for record keeping and audits. Prior to implementing ER, BPA must develop a robust system for reporting and recording the beginning and end of ER events as exacting as the four-second data BPA collects in order to assess FTC penalties. The system must capture and make available to customers all necessary ER data for verifying FTC penalties, Generation Imbalance adjustments, and other contractual parameters (not limited to those described below).

## 5. **Self-Supply Contractual Obligations**

Designated balancing resources in the Customer Supplied Generation Imbalance (CSGI) pilot are likely bound contractually to performance and availability terms and conditions. And those terms and conditions could be binding on a balancing resource during an ER event. The draft BP is silent on how those obligations pass to BPA Power Services under these circumstances. Through consultation with CSGI participants, the BP must include provisions for shifting CSGI pilot performance and obligations from redispatched balancing resources to Federal hydropower during ER events. The shift will ensure balancing resources adhering to ER are not harmed by CSGI non-performance.

## 6. **Roles and Responsibilities**

In #1 under the section Allocation of Environmental Redispatch Quantity, the text

describing schedules remaining intact inappropriately downplays the complexity replacing generator output, and does not provide needed information about roles and responsibilities during ER events that the BP must spell out.

For example, if a schedule that is being supplied by Federal hydropower is curtailed, the *generator* will get notification, instead of BPA Power Services, correct? If BPA Power Services over-generates during a curtailment, TransAlta believes the *generator* would receive FTC penalties. How would generators pass those through to BPA Power Services?

Details like the above (and probably many others) have been overlooked in the rush to implement ER. The draft BP needs more work prior to implementing ER because *generators*, not BPA, will be stuck paying for costly mistakes and miscommunications.

**7. Adjustment of Other Balancing Charges**

Similar to how Generation Imbalance accounting is adjusted for the hours when ER is in effect, accounting for other balancing charges that might be implemented, like DERBS, will also need to be adjusted.

Sincerely,

A handwritten signature in blue ink that reads "Steve Lincoln".

Steve Lincoln  
Manager, Transmission Analytics  
TransAlta Energy Marketing (U.S.), Inc.  
222 SW Columbia Street, Suite 1105  
Portland, OR 97201

Cc/  
Sterling Koch  
Lindsay Zaitsoff